



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

May 21, 2012

Control Number: SBSE-05-0512-041  
Expiration: May 21, 2013  
Impacted: IRM 5.8.5

MEMORANDUM FOR DIRECTORS, COLLECTION AREA OPERATIONS  
(CALIFORNIA, GULF STATES, AND SOUTH ATLANTIC)

DIRECTORS, CAMPUS COMPLIANCE OPERATIONS  
(BROOKHAVEN AND MEMPHIS)

FROM: Scott D. Reisher */s/ Scott D. Reisher*  
Director, Collection Policy

SUBJECT: Interim Guidance Memorandum for Offer in Compromise  
Defined in IRM 5.8.5, *Financial Analysis*

The purpose of this memorandum is to provide expanded guidance to IRM 5.8.5. Significant changes in this memorandum include defining equity in an on-going business, evaluation of money in bank accounts, reducing the equity in a vehicle, dissipated assets, retired debt, student loans, allowance for delinquent state and local income tax liabilities, and the future income multiplier. The attached updates will be incorporated in the next revision of Internal Revenue Manual (IRM) 5.8.5, *Financial Analysis*, and are effective May 21, 2012.

This memorandum supersedes Interim Guidance Memorandums SBSE-05-0212-010, *Offer in Compromise Streamline Offer Processes for Field Offer Specialists*, and SBSE-05-0511-026, *Centralized Offer in Compromise Streamline Offer Processes*. However, the expectation is that you will continue to:

- Rely on internal record checks to determine ownership and equity in real and personal property, including motor vehicles,
- Use the telephone as your primary form of contact,
- Accept oral testimony, unless the information provided appears to be questionable, and
- Use the quick notes, when appropriate.

If you have any questions, please contact me, or a member of your staff may contact Diane Morris, Senior Program Analyst. COIC personnel should direct any questions through the appropriate management chain.

Attachments: (1)

cc: Chief, Appeals  
Director, Field Collection  
Director, Campus Compliance Services  
Director, Filing and Payment Compliance  
Assistant Division Counsel, SBSE  
National Taxpayer Advocate  
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